THE CHESAPEAKE AND POTOMAC TELEPHONE COMPANY OF WEST VIRGINIA

NOTES TO SCHEDULE V - PLANT, PROPERTY AND EQUIPMENT

(a) These additions include (1) the original cost (estimated if not specifically determinable) of reused material, which is concurrently credited to Material and supplies, and (2) allowance for funds used during construction. Transfers between Plant In Service, Plant Under Construction and Other are also included in Column C.

(b) Items of plant, property and equipment are deducted from the property accounts when retired or sold at the amounts at which they are included therein, estimated if not specifically determinable.

(c) The Company's provision for depreciation is principally based on the remaining life method and straight-line composite rates prescribed by the regulatory authorities. The remaining life method provides for the full recovery of the remaining net investment in plant, property and equipment. In 1991 and 1990, the Company implemented changes in depreciation rates approved by the regulatory authorities. These changes reflect reductions in estimated service lives of the Company's plant, property and equipment in service. This ruling will allow a more rapid recovery of the Company's investment in plant, property and equipment through closer alignment with current estimates of its remaining economic useful life. For the years 1991, 1990 and 1989, depreciation expressed as a percentage of average depreciable plant was 7.24%, 7.43%, and 7.26%, respectively.

(d) The decrease to Office Equipment and Furniture of $2,454,000 in 1991 resulted from the transfer of Bell Atlantic Knowledge Systems, Inc. (BAKS), a wholly owned subsidiary of the Company, to Bell Atlantic Corporation (BAC), effective January 1, 1991.

THE CHESAPEAKE AND POTOMAC TELEPHONE COMPANY OF WEST VIRGINIA

SCHEDULE VI - ACCUMULATED DEPRECIATION

FOR THE YEARS ENDED DECEMBER 31, 1991, 1990 and 1989

(Dollars in Thousands)

Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
Classification	Balance at Beginning of Period	Additions Charged to Expense	Retirements	Other Changes -Note(a)	Balance at End of Period
Year 1991	$541,828	$108,336	$93,986	($1,139)	$555,039
Year 1990	$516,534	$107,276	$81,881	($ 101)	$541,828
Year 1989	$487,952	$102,264	$73,584	($ 98)	$516,534

(a) Includes any gains or losses on disposition of plant, property and equipment. These gains and losses are amortized to depreciation expense over the remaining service lives of remaining net investment in plant, property and equipment. In addition, 1991 had approximately $900,000 resulting from the transfer of BAKS, a wholly owned subsidiary of the Company, to BAC, effective January 1, 1991.

THE CHESAPEAKE AND POTOMAC TELEPHONE COMPANY OF WEST VIRGINIA

SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED DECEMBER 31, 1991, 1990 and 1989

(Dollars in Thousands)

Col. A	Col. B	Col. C		Col. D	Col. E
		Additions			
Description	Balance at Beginning of Period	(1) Charged to Expense	(2) Charged to Other Accounts -Note (a)	Deductions -Note (b)	Balance at End of Period
Allowance for Uncollectible Accounts:					
Year 1991	$1,610	$3,909	$3,233	$5,996	$2,756
Year 1990	$ 839	$3,764	$2,815	$5,808	$1,610
Year 1989	$1,276	$2,996	$1,892	$5,325	$ 839

(a) Includes (i) amounts previously written off which were credited directly to this account when recovered; (ii) accruals charged to accounts payable for anticipated uncollectible charges on purchase of accounts receivable from others which were billed by the Company.

(b) Amounts written off as uncollectible.

THE CHESAPEAKE AND POTOMAC TELEPHONE COMPANY OF WEST VIRGINIA

SCHEDULE X - SUPPLEMENTAL INCOME STATEMENT INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 1991, 1990 and 1989

(Dollars in Thousands)

Col. A	Col. B
Item	Charged to Costs and Expenses
1991 Maintenance and repairs	$85,983
1990 Maintenance and repairs	$85,125
1989 Maintenance and repairs	$80,253

Advertising costs for 1991, 1990 and 1989 are not presented, as such amounts are less than 1 percent of Total Operating Revenues.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report: January 13, 1992

Commission File Number 1-6964

THE CHESAPEAKE AND POTOMAC TELEPHONE COMPANY OF VIRGINIA

A Virginia Corporation I.R.S. Employer Identification No. 54-0167060

600 East Main Street, Richmond, Virginia 23219

Telephone Number 804 772-2000

FORM 8-K

THE CHESAPEAKE AND POTOMAC TELEPHONE COMPANY OF VIRGINIA

Item 5. Other Events.

The Chesapeake and Potomac Telephone Company of Virginia (the "Company") has recorded a one-time, non-cash charge of approximately $224,083,000, retroactive to January 1, 1991, in conjunction with its adoption of Statement of Financial Accounting Standards No. 106 (SFAS 106), "Employers' Accounting for Postretirement Benefits Other Than Pensions." This one-time charge, which represents the after-tax present value of benefits attributable to past service of retired and active employees, will be charged against previously reported first quarter results and will result in the Company reporting a loss for the year ended December 31, 1991. The Company has restated its results for the first three quarters of 1991. (This restatement would have no impact on the condensed Statements of Cash Flows which the Company presented in its quarterly reports on Form 10-Q for the quarters ended March 31, 1991, June 30, 1991 and September 30, 1991.) See Exhibits 28.1 to 28.3 attached hereto.

The Financial Accounting Standards Board requires SFAS 106 to be adopted by 1993, but has encouraged earlier adoption. An order released by the Federal Communications Commission (FCC) on December 26, 1991, permits adoption of SFAS 106 on or before January 1, 1993 for regulatory accounting purposes and requires that the past obligation be amortized for regulatory purposes. This FCC action does not preclude the Company from electing to recognize the entire past obligation for financial reporting purposes in 1991.

On-going annual expense under SFAS 106, after recognition of the past obligation, approximates the expense that would have been recognized under the Company's prior accounting practices. This is in large part due to previous steps the Company has taken which mitigate the incremental effects of adopting SFAS 106, including the previously reported funding of a trust in 1989 to help cover the future cost of health care benefits for certain current and future retirees.

FORM 8-K

THE CHESAPEAKE AND POTOMAC TELEPHONE COMPANY OF VIRGINIA

Item 7.	FINANCIAL STATEMENTS AND EXHIBITS
(c) Exhibits	
28.1	Restated financial statements for the quarter ended March 31, 1991.
28.2	Restated financial statements for the quarter ended June 30, 1991.
28.3	Restated financial statements for the quarter ended September 30, 1991.
28.4	Note to restated financial statements for quarters ended March 31, June 30, and September 30, 1991.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The Chesapeake and Potomac
Telephone Company of Virginia

Date January 13, 1992

By: Robert Cross

J. Robert Cross
Controller
(Principal Financial Officer)

FORM 8-K

THE CHESAPEAKE AND POTOMAC TELEPHONE COMPANY OF VIRGINIA

INDEX TO EXHIBITS

Exhibits	Description
28.1	Restated financial statements for the quarter ended March 31, 1991.
28.2	Restated financial statements for the quarter ended June 30, 1991.
28.3	Restated financial statements for the quarter ended September 30, 1991.
28.4	Note to restated financial statements for quarters ended March 31, June 30, and September 30, 1991.

EXHIBIT 28.1

STATEMENT OF INCOME AND REINVESTED EARNINGS *
(Unaudited)

(Dollars in Thousands)	Three Months Ended March 31, 1991
OPERATING REVENUES	
Local service	$ 197,642
Network access	131,060
Toll service	32,200
Directory advertising, billing services and other	65,385
Provision for uncollectibles	(2,335)
	423,952
OPERATING EXPENSES	
Employee costs, including benefits and taxes	94,516
Depreciation and amortization	79,167
Taxes other than income	11,371
Other operating expenses	121,712
	306,766
NET OPERATING REVENUES	117,186
OPERATING INCOME TAXES	
Federal	26,417
State	7,681
	34,098
OPERATING INCOME	83,088
OTHER INCOME (EXPENSE)	
Allowance for funds used during construction	451
Miscellaneous - net	(21)
	430
INTEREST EXPENSE	21,717
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	61,801
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	
Transition Effect of Change in Accounting for Postretirement Benefits Other than Pensions	(224,083)
LOSS	$ 162,282

* Restated for the effect of the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1991.

EXHIBIT 28.1

STATEMENT OF INCOME AND REINVESTED EARNINGS *
(Unaudited)

(Dollars in Thousands)	Three Months Ended March 31, 1991
REINVESTED EARNINGS	
At beginning of period	$ 558,047
Deduct: Loss	162,282
Dividends	48,289
At end of period	$ 347,476

* Restated for the effect of the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1991.

EXHIBIT 28.1

BALANCE SHEETS *
(Unaudited)

(Dollars in Thousands)	March 31, 1991
ASSETS	
CURRENT ASSETS	
Accounts receivable:	
Customers and agents, net of allowances for uncollectibles of $11,814	$ 250,305
Parent and affiliates	21,781
Other	19,620
Material and supplies	8,541
Prepaid expenses	7,200
Deferred income taxes	4,115
Deferred charges	54,444
	366,006
PLANT, PROPERTY AND EQUIPMENT, AT COST	4,862,368
Less accumulated depreciation	1,764,189
	3,098,179
DEFERRED CHARGES AND OTHER ASSETS	47,368
TOTAL ASSETS	$3,511,553

* Restated for the effect of the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1991.

EXHIBIT 28.1

BALANCE SHEETS *
(Unaudited)

(Dollars in Thousands)	March 31, 1991
LIABILITIES AND SHAREOWNER'S INVESTMENT	
CURRENT LIABILITIES	
Debt maturing within one year:	
Affiliate	$ 90,730
Other	2,083
Accounts payable:	
Parent and affiliates	44,357
Other	135,933
Accrued expenses	164,628
Other current liabilities	57,191
	494,922
LONG-TERM DEBT	933,934
DEFERRED CREDITS	
Deferred income taxes	381,135
Unamortized investment tax credits	112,196
Other	368,205
	861,536
SHAREOWNER'S INVESTMENT	
Common stock - one share, without par value, owned by parent	873,685
Reinvested earnings	347,476
	1,221,161
TOTAL LIABILITIES AND SHAREOWNER'S INVESTMENT	$3,511,553

* Restated for the effect of the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1991.

EXHIBIT 28.2

STATEMENTS OF INCOME AND REINVESTED EARNINGS *
(Unaudited)

(Dollars in Thousands)	Three Months Ended June 30, 1991	Six Months Ended June 30, 1991
OPERATING REVENUES		
Local service	$ 205,288	$ 402,930
Network access	131,846	262,906
Toll service	30,574	62,774
Directory advertising, billing services and other	63,729	129,114
Provision for uncollectibles	(3,304)	(5,639)
	428,133	852,085
OPERATING EXPENSES		
Employee costs, including benefits and taxes	96,734	191,250
Depreciation and amortization	79,801	158,968
Taxes other than income	11,669	23,040
Other operating expenses	129,217	250,929
	317,421	624,187
NET OPERATING REVENUES	110,712	227,898
OPERATING INCOME TAXES		
Federal	23,865	50,282
State	7,283	14,964
	31,148	65,246
OPERATING INCOME	79,564	162,652
OTHER INCOME (EXPENSE)		
Allowance for funds used during construction	629	1,080
Miscellaneous - net	(353)	(374)
	276	706
INTEREST EXPENSE	21,649	43,366
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	58,191	119,992
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE		
Transition Effect of Change in Accounting for Postretirement Benefits Other than Pensions	-	(224,083)
NET INCOME (LOSS)	$ 58,191	$(104,091)

* Restated for the effect of the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1991.

EXHIBIT 28.2

STATEMENTS OF INCOME AND REINVESTED EARNINGS *
(Unaudited)

(Dollars in Thousands)	Three Months Ended June 30, 1991	Six Months Ended June 30, 1991
REINVESTED EARNINGS		
At beginning of period	$ 347,476	$ 558,047
Add: Net income (loss)	58,191	(104,091)
	405,667	453,956
Deduct: Dividends	46,875	95,164
At end of period	$ 358,792	$ 358,792

* Restated for the effect of the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1991.

EXHIBIT 28.2

BALANCE SHEETS *
(Unaudited)

(Dollars in Thousands)	June 30, 1991
ASSETS	
CURRENT ASSETS	
Accounts receivable:	
Customers and agents, net of allowances for uncollectibles of $11,780	$ 273,098
Parent and affiliates	24,869
Other	14,530
Material and supplies	6,914
Prepaid expenses	3,072
Deferred income taxes	4,885
Deferred charges	46,170
	373,538
PLANT, PROPERTY AND EQUIPMENT, AT COST	4,921,700
Less accumulated depreciation	1,798,962
	3,122,738
DEFERRED CHARGES AND OTHER ASSETS	51,816
TOTAL ASSETS	$3,548,092

* Restated for the effect of the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1991.

EXHIBIT 28.2

BALANCE SHEETS *
(Unaudited)

(Dollars in Thousands)	June 30, 1991
LIABILITIES AND SHAREOWNER'S INVESTMENT	
CURRENT LIABILITIES	
Debt maturing within one year:	
Affiliate	$ 137,118
Other	2,107
Accounts payable:	
Parent and affiliates	46,183
Other	143,858
Accrued expenses	132,043
Other current liabilities	54,903
	516,212
LONG-TERM DEBT	933,462
DEFERRED CREDITS	
Deferred income taxes	381,625
Unamortized investment tax credits	109,264
Other	375,052
	865,941
SHAREOWNER'S INVESTMENT	
Common stock - one share, without par value, owned by parent	873,685
Reinvested earnings	358,792
	1,232,477
TOTAL LIABILITIES AND SHAREOWNER'S INVESTMENT	$3,548,092

* Restated for the effect of the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1991.

EXHIBIT 28.3

STATEMENTS OF INCOME AND REINVESTED EARNINGS *

(Unaudited)

(Dollars in Thousands)	Three Months Ended September 30, 1991	Nine Months Ended September 30, 1991
OPERATING REVENUES		
Local service	$ 208,677	$ 611,607
Network access	130,854	393,760
Toll service	31,379	94,153
Directory advertising, billing services and other	65,585	194,699
Provision for uncollectibles	(2,324)	(7,963)
	434,171	1,286,256
OPERATING EXPENSES		
Employee costs, including benefits and taxes	100,296	291,546
Depreciation and amortization	79,518	238,486
Taxes other than income	11,370	34,410
Other operating expenses	131,952	382,881
	323,136	947,323
NET OPERATING REVENUES	111,035	338,933
OPERATING INCOME TAXES		
Federal	23,736	74,018
State	7,271	22,235
	31,007	96,253
OPERATING INCOME	80,028	242,680
OTHER INCOME (EXPENSE)		
Allowance for funds used during construction	772	1,852
Miscellaneous - net	(535)	(909)
	237	943
INTEREST EXPENSE	22,235	65,601
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	58,030	178,022
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE		
Transition Effect of Change in Accounting for Postretirement Benefits Other than Pens[illegible]	-	(224,083)
NET INCOME (LOSS)	$ 58,030	$ (46,061)

* Restated for the effect of the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1991.

EXHIBIT 28.3

STATEMENTS OF INCOME AND REINVESTED EARNINGS *
(Unaudited)

(Dollars in Thousands)	Three Months Ended September 30, 1991	Nine Months Ended September 30, 1991
REINVESTED EARNINGS		
At beginning of period	$ 358,792	$ 558,047
Add: Net income (loss)	58,030	(46,061)
	416,822	511,986
Deduct: Dividends	44,668	139,832
At end of period	$ 372,154	$ 372,154

* Restated for the effect of the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1991.

EXHIBIT 28.3

BALANCE SHEETS *
(Unaudited)

(Dollars in Thousands)	September 30, 1991
ASSETS	
CURRENT ASSETS	
Accounts receivable:	
Customers and agents, net of allowances for uncollectibles of $11,125	$ 270,475
Parent and affiliates	22,269
Other	14,311
Material and supplies	8,442
Prepaid expenses	8,457
Deferred income taxes	6,176
Deferred charges	45,419
	375,549
PLANT, PROPERTY AND EQUIPMENT, AT COST	4,962,020
Less accumulated depreciation	1,817,717
	3,144,303
DEFERRED CHARGES AND OTHER ASSETS	46,626
TOTAL ASSETS	$3,566,478

* Restated for the effect of the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1991.

EXHIBIT 28.3

BALANCE SHEETS *
(Unaudited)

(Dollars in Thousands)	September 30, 1991
LIABILITIES AND SHAREOWNER'S INVESTMENT	
CURRENT LIABILITIES	
Debt maturing within one year:	
Affiliate	$ 109,320
Other	2,186
Accounts payable:	
Parent and affiliates	58,595
Other	137,918
Accrued expenses	154,927
Other current liabilities	60,111
	523,057
LONG-TERM DEBT	935,852
DEFERRED CREDITS	
Deferred income taxes	382,860
Unamortized investment tax credits	106,261
Other	372,609
	861,730
SHAREOWNER'S INVESTMENT	
Common stock - one share, without par value, owned by parent	873,685
Reinvested earnings	372,154
	1,245,839
TOTAL LIABILITIES AND SHAREOWNER'S INVESTMENT	$3,566,478

* Restated for the effect of the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1991.

EXHIBIT 28.4

NOTE TO RESTATED FINANCIAL STATEMENTS FOR QUARTERS ENDED MARCH 31, JUNE 30, AND SEPTEMBER 30, 1991

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Effective January 1, 1991, the Company has adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," (Statement No. 106). Statement No. 106 requires accrual accounting for all postretirement benefits other than pensions. Under the prescribed accrual method, the Company's obligation for these postretirement benefits is to be fully accrued by the date the employees attain full eligibility for such benefits. Prior to the adoption of Statement No. 106, the cost of these benefits for management retirees was recognized by charging claims to expense as they were incurred. The cost of these benefits for current and future associate retirees was recognized as determined under the aggregate cost actuarial method.

In conjunction with the adoption of Statement No. 106, for financial reporting purposes, the Company has elected to immediately recognize the accumulated postretirement benefit obligation for current and future retirees, net of the fair value of plan assets and recognized accrued postretirement benefit cost (transition obligation). An order released by the Federal Communications Commission (FCC) on December 26, 1991, permits adoption of Statement No. 106 on or before January 1, 1993, for regulatory accounting purposes and requires that the transition obligation be amortized for regulatory purposes. This FCC action does not preclude the Company from electing to recognize the entire transition obligation for financial reporting purposes in 1991.

Substantially all of the Company's employees are covered under postretirement health and life insurance benefit plans sponsored by Bell Atlantic and certain of its subsidiaries, including the Company. The determination of postretirement benefit cost for postretirement health benefit plans is based on comprehensive hospital, medical, surgical and dental benefit provisions. The postretirement life insurance benefit formula used in determination of postretirement benefit cost is based on annual basic pay at retirement.

The Company funds for associate postretirement health benefits and associate and salaried employee postretirement life insurance benefits. The Company's objective in funding these plans is to accumulate funds at a relatively stable rate over participants' working lives so that benefits are fully funded at retirement. Plan assets consist principally of investments in domestic and nondomestic corporate equity securities, and U.S. Government and corporate debt securities.

Aggregate postretirement benefit costs for the plans are as follows:

(Dollars in Thousands)	Three Months Ended		
	March 31, 1991	June 30, 1991	September 30, 1991
Current cost for the quarter	$ 7,526	$ 7,526	$ 7,526
Accrued transition obligation	$290,790		

EXHIBIT 28.4

NOTE TO RESTATED FINANCIAL STATEMENTS
FOR QUARTERS ENDED MARCH 31, JUNE 30, AND SEPTEMBER 30, 1991

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (Continued)

The Company has contractual agreements with an affiliated company, Bell Atlantic Network Services, Inc. (NSI), for the provision of various centralized corporate, administrative, planning, marketing, procurement, financial, legal, and accounting services. In connection with these services, the Company recognized increased operating costs associated with the adoption of Statement No. 106 of $1,868,000 in each of the first three quarters of 1991, and recognized its proportionate share of NSI's accrued transition obligation in the first quarter of 1991 of $70,402,000.

Statement No. 106 requires a comparison of the actuarial present value of the accumulated postretirement benefit obligation with the fair value of plan assets, the disclosure of the components of the net periodic postretirement benefit cost, and a reconciliation of the funded status of the plans with the amount recorded on the balance sheet. Such disclosures are not presented for the Company because the structure of the Bell Atlantic plans does not allow for the determination of this information on an individual company basis.

The assumed discount rate used to measure the accumulated benefit obligation was 8.0% at December 31, 1990. The assumed rate of future increases in compensation levels was 5.25% at December 31, 1990. The expected long-term rate of return on plan assets was 7.5% for 1991. The medical cost trend rate in 1991 was approximately 15.0%, grading down to an ultimate rate in 2003 of approximately 5.0%. The dental cost trend rate in 1991 was 4.0%, with an ultimate trend rate of 3.75% beginning in 1992.

In the past, the Company has entered into labor negotiations with unions representing certain employees and expects to do so in the future. Certain other postretirement benefits have been included in these negotiations and such benefits have been modified from time to time. Additionally, the Company has amended the benefits under postretirement benefit plans maintained for its salaried employees. Expectations with respect to certain future amendments to the Company's postretirement benefit plans have been reflected in determining the Company's postretirement benefit cost under Statement No. 106.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report: January 13, 1992

Commission File Number 1-3488

NEW JERSEY BELL TELEPHONE COMPANY

A New Jersey Corporation	I.R.S. Employer Identification No. 22-1151770

540 Broad Street, Newark, New Jersey 07101

Telephone Number (201) 649-9900

NEW JERSEY BELL TELEPHONE COMPANY

Item 5. Other Events.

New Jersey Bell Telephone Company (the "Company") has recorded a one-time, non-cash charge of approximately $469.1 million, retroactive to January 1, 1991, in conjunction with its adoption of Statement of Financial Accounting Standards No. 106 (SFAS 106), "Employers' Accounting for Postretirement Benefits Other Than Pensions." This one-time charge, which represents the after-tax present value of benefits attributable to past service of retired and active employees, will be charged against previously reported first quarter results and will result in the Company reporting a loss for the year ended December 31, 1991. The Company has restated its results for the first three quarters of 1991. (This restatement would have no impact on the condensed Statements of Cash Flows which the Company presented in its quarterly reports on Form 10-Q for the quarters ended March 31, 1991, June 30, 1991 and September 30, 1991.) See Exhibits 28.1 to 28.3 attached hereto.

The Financial Accounting Standards Board requires SFAS 106 to be adopted by 1993, but has encouraged earlier adoption. An order released by the Federal Communications Commission (FCC) on December 26, 1991, permits adoption of SFAS 106 on or before January 1, 1993 for regulatory accounting purposes and requires that the past obligation be amortized for regulatory purposes. This FCC action does not preclude the Company from electing to recognize the entire past obligation for financial reporting purposes in 1991.

On-going annual expense under SFAS 106, after recognition of the past obligation, approximates the expense that would have been recognized under the Company's prior accounting practices. This is in large part due to previous steps the Company has taken which mitigate the incremental effects of adopting SFAS 106, including the previously reported funding of a trust in 1989 to help cover the future cost of health care benefits for certain current and future retirees.